



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

MAR 11 2002

THE ADMINISTRATOR

The Honorable Edward J. Markey
U.S. House of Representatives
Washington D.C. 20515-2107

Dear Congressman Markey:

Thank you for your letter of January 24, 2002, in which you express concerns about the Environmental Protection Agency's (EPA) review of the New Source Review (NSR) program. I want to assure you that EPA remains committed to the air quality benefits provided by the NSR program. However, I believe the program can and should be improved. Many of our stakeholders share this view, including Governors and State Environmental Commissioners from both major parties. The EPA is currently evaluating several possible ways to make the program better, including a number of ideas that were developed and proposed by prior administrations. Our goal is to clarify the program, remove barriers to environmentally beneficial projects, and provide incentives for sources to improve environmental performance. I want to briefly update you on the status of our efforts.

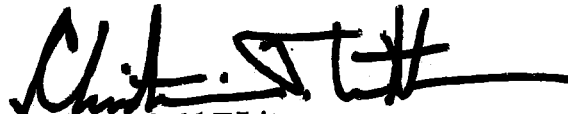
In May 2001, the EPA initiated a review of the NSR program in response to a recommendation from the President's National Energy Policy Development Group. The EPA is examining the impact of the NSR regulations, including administrative interpretation and implementation, on investment in new utility and refinery generation capacity, energy efficiency and environmental protection. As part of this process, we have heard comments from over 130,000 individuals and organizations. While numerous commenters expressed significant concerns about how the current NSR program is working, other commenters expressed views, similar to those in your letter, that the environmental improvements associated with the NSR program are important and should not be compromised. I assure you that we are considering these comments fully as we move forward. The EPA soon will report to the President on the impact of NSR on the three areas mentioned above. At that time we will also make our recommendations on how to improve the NSR program while ensuring protection of the environment. We have not yet finalized the report or recommendations.

At the same time, EPA has been developing a legislative proposal to significantly reduce and cap power plant emissions. The "Clear Skies Initiative," which was announced by President Bush on February 14, proposes to reduce current emissions of sulfur dioxides by 73 percent, nitrogen oxides by 67 percent, and mercury by 69 percent by the year 2018. Such reductions

would substantially improve air quality across the Nation. Furthermore, through a cap-and-trade system, these benefits would be achieved in a far more efficient fashion than the current, piecemeal command-and-control regulatory system.

Again, thank you for your letter. I appreciate the opportunity to be of service and trust the information provided is helpful. If you have further questions, please call me or have your staff contact Lora Strine in the Office of Congressional and Intergovernmental Relations at (202) 564-5711.

Sincerely yours,



Christine Todd Whitman